

**WASHINGTON, DC** - On Tuesday, July 1, college students who receive federal loans will see an across-the-board cut in student loan interest rates from 6.8 to 6.0 percent. The new rate cut is among many college affordability measures included in the [College](#)

[Cost Reduction and Access Act](#)

, which was passed by the Democratic-led Congress and signed into law last year. The drop is the first step towards halving the interest rates, which under the Act will continue to decrease until reaching 3.4 percent in 2011.

"With today's economy squeezing families and tuition prices continuing to soar, the high cost of college remains a top concern for many Americans," **stated Congressman Steny Hoyer.** "T here is some good news, however, for college students and their families with new financial aid benefits enacted last year that are beginning to kick in for this fall."

By cutting student loan rates in half, the College Cost Reduction and Access Act will reduce the cost of loans for millions of student borrowers nationwide. Nearly 50,000 students in Maryland take out need-based loans at four-year public colleges and universities each year and will benefit from this interest rate reduction. Once fully phased in, this will save the typical four-year Maryland student starting college this fall (with need-based student loan debt) about \$2,620 over the life of his or her loan.

For the 2008-2009 academic year, in addition to the interest rate cut, the College Cost Reduction and Access Act will:

- Increase the Pell Grant scholarship by \$490 (raising the maximum award to \$4,731); the maximum award will rise to \$5,400 by 2012.
- Provide up-front tuition assistance of \$4,000 each year for students who commit to teaching high-need subjects in high-need public schools upon graduation.

"In today's economy, a college education is as important as a high school diploma was a generation ago. Yet, college costs have grown nearly 40 percent in the State of Maryland over the last five years; students are graduating from college with more debt than ever before; and thousands of qualified students choose not to go to college at all because they can't afford to," **said Rep. Hoyer.** "By cutting interest rates on student loans and increasing the size of the Pell Grant, this legislation makes college more affordable for millions of students and their parents and opens the doors of higher education to those who might otherwise be shut out because of cost."

In addition, the legislation will prevent students from facing unmanageable levels of federal student debt by guaranteeing that borrowers will never have to spend more than 15 percent of their yearly discretionary income on loan repayments and by allowing borrowers in economic hardship to have their loans forgiven after 25 years.

The College Cost Reduction and Access Act is the largest investment in college aid since President Franklin D. Roosevelt enacted the original G.I. Bill in 1944. **Stated Hoyer**, "With the enactment of this bill, the new Congress has delivered on its promise to make college more affordable." Earlier this year, the House also passed the

[College Opportunity and Affordability Act](#)

, which offers more changes to make college more affordable, including encouraging colleges to rein in price increases, measures to restore integrity and accountability to student loan programs, simplification of the federal student aid application process, and making textbook costs more manageable, among other things.

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